

IN THE CITY COUNCIL OF THE CITY OF LIVERMORE, CALIFORNIA

A RESOLUTION APPROVING THE MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF LIVERMORE AND THE CITY OF PLEASANTON
RELATED TO PENSION OBLIGATIONS AND EMPLOYMENT RETIREMENT BENEFITS
FOR PERSONNEL ASSIGNED TO THE
LIVERMORE-PLEASANTON FIRE DEPARTMENT JOINT POWERS AUTHORITY

In 1996, the Cities of Livermore and Pleasanton entered into a joint exercise of powers agreement ("LPFD JPA Agreement") to form the Livermore-Pleasanton Fire Department Joint Powers Authority ("Authority") as a separate entity to provide fire protection services for Livermore and Pleasanton.

On February 12, 2018, the City of Livermore authorized an *Amended and Restated Agreement for the Livermore Pleasanton Fire Department Joint Powers Authority* ("Amended and Restated Agreement") between the Cities of Livermore and Pleasanton.

Section 4.1 of the Amended and Restated Agreement provides in relevant part that ".....liability for pension obligations and past employment retirement benefits for personnel assigned to the Authority by Pleasanton shall be shared by Livermore and Pleasanton, as detailed in a separate agreement adopted by the respective City Councils for Livermore and Pleasanton and revised from time to time when adjustments to suppression staffing ratios are made."

Concurrent with the development of the Amended and Restated Agreement, the Cities of Pleasanton and Livermore also developed a Memorandum of Understanding ("MOU") to define a methodology used in calculating how the pension obligations and past employment retirement benefits will be shared by the Cities.

On January 11, 2018, the Authority's Board of Directors reviewed the MOU, attached to this resolution as Exhibit A, and unanimously recommended its approval and adoption by the City Councils for the Cities of Livermore and Pleasanton.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Livermore authorizes the City Manager to sign the Memorandum of Understanding between the City of Livermore and the City of Pleasanton, attached hereto as Exhibit A, on behalf of the City of Livermore.

On motion of Council Member Spedowski, seconded by Council Member Carling, the foregoing resolution was passed and adopted on February 12, 2018, by the following vote:

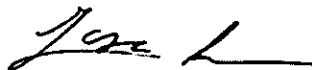
AYES:	Council Members Carling, Coomber, Spedowski, Vice Mayor Woerner, Mayor Marchand
NOES:	None
ABSENT:	None
ABSTAIN:	None

ATTEST:

 _____

Susan Neer
City Clerk

APPROVED AS TO FORM:

 _____

Jason Alcala
City Attorney

Date: February 13, 2018

Exhibit A – Memorandum of Understanding

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF LIVERMORE AND
THE CITY OF PLEASANTON
RELATED TO PENSION OBLIGATIONS AND
EMPLOYMENT RETIREMENT BENEFITS FOR PERSONNEL ASSIGNED
TO THE LIVERMORE-PLEASANTON FIRE DEPARTMENT
JOINT POWERS AUTHORITY**

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is entered into this _____ day of _____ 201__, between the CITY OF LIVERMORE, a municipal corporation ("Livermore") and the CITY OF PLEASANTON, a municipal corporation ("Pleasanton").

RECITALS

- A. Livermore and Pleasanton entered into an Amended and Restated Agreement dated _____ related to the Livermore-Pleasanton Fire Department Joint Powers Authority ("LPFD JPA"); and
- B. Section 4.1 of the LPFD JPA provides in relevant part that "...liability for pension obligations and past employment retirement benefits for personnel assigned to the Authority by Pleasanton shall be shared by Livermore and Pleasanton, as detailed in a separate agreement adopted by the respective City Councils for Livermore and Pleasanton and revised from time to time when adjustments to suppression staffing ratios are made."
- C. Livermore and Pleasanton have agreed upon actuarial valuations to determine each parties share of: 2018/19 through 2021/22 Other Post-Employment Benefits ("OPEB") unfunded liabilities; and 2018/19 through 2019/20 CalPERS unfunded liability and employer contributions for personnel assigned to the LPFD JPA.
- D. The parties intend to amend this MOU from time to time as actuarial valuations are available to determine the cost sharing for future years, when adjustments to suppression staffing ratios are made.

NOW, THEREFORE, the parties agree as follows:

- 1. Funding OPEB costs for personnel assigned to the LPFD JPA shall be in accordance with the cost allocation set forth in Exhibit A.
- 2. Funding CalPERS unfunded liability and employer contributions for personnel assigned to the LPFD JPA shall be in accordance with the cost allocations set forth in Exhibit B.

THIS MOU is executed the date and year first above written.

Dated: _____

Dated: _____

CITY OF LIVERMORE

CITY OF PLEASANTON

By: _____
Marc Roberts
City Manager

By: _____
Nelson Flalho
City Manager

Attest:


Attest:

By: _____
Susan Neer
City Clerk

By: _____
Karen Diaz
City Clerk

Approved as to form:

Approved as to form:

By:  _____
Jason R. Alcala
City Attorney

By: _____
Daniel G. Sodergren
City Attorney

Exhibit A

**Livermore-Pleasanton Fire Department
Calculating OPEB Unfunded Liability and Actuarially Determined
Contribution Based on 49/51 Cost Allocation**

June 30, 2017 Actuarial Valuation

(projected to June 30, 2018 to determine 2018/19 and 2019/20 ADCs)

- Assumed split between Livermore & Pleasanton
 - June 30, 2017 Actuarial Accrued Liability (AAL) 50/50
 - June 30, 2017 Market Value of Assets (MVA) 50/50
 - 2017/18, 2018/19 and 2019/20 Benefit Payments 50/50
 - 2017/18, 2018/19, 2019/20 Normal Cost (NC) 49/51
 - 2017/18 Actuarially Determined Contribution (from June 30, 2015 Actuarial Valuation) 50/50
- Determine 2018/19 and 2019/20 Actuarially Determined Contributions (ADCs) using above allocations

June 30, 2019 Actuarial Valuation

(projected to June 30, 2020 to determine 2020/21 and 2021/22 ADCs)

- Calculate Expected AAL by rolling each City's AAL forward to June 30, 2019 based on allocated benefit payments and NC from June 30, 2017 valuation
- Compare actual June 30, 2019 AAL to Expected AAL with difference equaling the liability Gain or Loss. Allocate liability Gain or Loss in proportion to Expected AAL.
- Calculate Expected MVA by rolling each City's allocated June 30, 2017 MVA forward to June 30, 2019 based on allocated benefit payments and contributions from June 30, 2017 valuation
- Compare actual June 30, 2019 MVA to Expected MVA with difference equaling the asset Gain or Loss. Allocate asset Gain or Loss in proportion to expected MVA.
- Assume 49/51 split of 2020/21 and 2021/22 Normal Cost (NC) between Livermore & Pleasanton
- Determine amortization payments based on funded status using each City's AAL and MVA from above
- Determine 2020/21 and 2021/22 ADCs using above allocations



Exhibit B

**Livermore-Pleasanton Fire Department
Calculating CalPERS Unfunded Liability and Employer Contributions Based
on 49/51 Cost Allocation**

June 30, 2016 Actuarial Valuation

(To determine 2018/19 employer contributions)

- Assumed split between Livermore & Pleasanton
 - June 30, 2016 Actuarial Accrued Liability (AAL) 50/50
 - June 30, 2016 Market Value of Assets (MVA) 50/50
 - 2016/17, 2017/18 and 2018/19 Benefit Payments 50/50
 - 2016/17, 2017/18 and 2018/19 Normal Cost (NC) 49/51
 - 2016/17, 2017/18 and 2018/19 Employee Contributions 49/51
 - 2016/17 and 2017/18 Employer Contributions 50/50
- Determine 2018/19 Employer Contributions using above allocations

June 30, 2017 Actuarial Valuation

(To determine 2019/20 employer contributions)

- Calculate Expected AAL by rolling each City's AAL forward to June 30, 2017 based on allocated benefit payments and 2016/17 NC
- Compare actual June 30, 2017 AAL to Expected AAL with difference equaling the liability Gain or Loss. Allocate liability Gain or Loss in proportion to Expected AAL.
- Calculate Expected MVA by rolling each City's allocated June 30, 2016 MVA forward to June 30, 2017 based on allocated benefit payments and contributions.
- Compare actual June 30, 2017 MVA to Expected MVA with difference equaling the asset Gain or Loss. Allocate asset Gain or Loss in proportion to expected MVA.
- Assume 49/51 split of 2019/20 NC between Livermore & Pleasanton
- Determine amortization payments based on funded status using each City's AAL and MVA from above
- Determine 2019/20 employer contributions using above allocations

